

04-323

USAID Grant No.278-005-00

AMENDMENT NO. 15

TO

GRANT AGREEMENT

BETWEEN

THE HASHEMITE KINGDOM OF JORDAN

AND

THE UNITED STATES OF AMERICA

FOR THE

INCREASED ECONOMIC OPPORTUNITIES FOR JORDANIANS

STRATEGIC OBJECTIVE

DATED: SEP 30 2002

Certified conformed copy of  
agreement signed on Sept.30,2002



Roy Grohs  
OPM Director

APPN:  
BBC :  
RCN :

<b>FUNDS AVAILABLE FOR</b>	
ADM. RES. <input type="checkbox"/>	OBLIGATION <input checked="" type="checkbox"/>
EM. RES./EM. <input type="checkbox"/>	COMM. RES/COMM. <input type="checkbox"/>
ACTION TAKEN BY <i>167</i>	DATE <i>9/30/02</i>
APPROPRIATION: <i>722/31032</i>	
BPC: <i>H52-02-23278-1631</i>	
RCN/ECN: <i>A020107</i>	

AMENDMENT NO. 15

TO

STRATEGIC OBJECTIVE GRANT AGREEMENT

BETWEEN The Hashemite Kingdom of Jordan (Grantee or GOJ) acting through the Ministry of Planning, and the United States of America, acting through the United States Agency for International Development (USAID).

WHEREAS, on June 26, 1997, the Grantee and USAID (Parties) entered into a Grant Agreement for the Increased Economic Opportunities for Jordanians Strategic Objective (Agreement) whereby USAID granted to the Grantee Four Million Eight Hundred and Seventy-Three Thousand Eight Hundred and Eighty-Three United States (U.S.) Dollars (U.S.\$4,873,883) to finance foreign exchange and local currency costs of achieving the Strategic Objective; and

WHEREAS, on August 26, 1997, the Parties amended the Agreement to, among other things, add an additional Intermediate Result within the Strategic Objective and provide additional USAID grant funding of Fifty Million U.S. Dollars (U.S.\$50,000,000) in the form of a cash transfer to help achieve the Strategic Objective; and

WHEREAS, on February 5, 1998, the Parties amended the Agreement to, among other things, provide additional USAID grant funding of Two Million U.S. Dollars (U.S.\$2,000,000) to finance foreign exchange and local currency costs of achieving the Strategic Objective; and

WHEREAS, on June 9, 1998, the Parties amended the Agreement to, among other things, provide additional USAID grant funding of Thirteen Million Five Hundred and Eighty Nine Thousand Four Hundred and Eleven U.S. Dollars (U.S.\$13,589,411) to finance foreign exchange and local currency costs of achieving the Strategic Objective; and

WHEREAS, on August 10, 1998, the Parties amended the Agreement to, among other things, provide additional USAID grant funding of Four Million Three Hundred and Thirty Nine Thousand and Thirty Three U.S. Dollars (U.S. \$4,339,033) to finance foreign exchange and local currency costs of achieving the Strategic Objective; and

WHEREAS, on August 10, 1998, the Parties amended the Agreement to, among other things, provide additional USAID grant funding of Fifty Million U.S. Dollars (U.S.\$50,000,000) to finance foreign exchange and local currency costs of achieving the Strategic Objective; and

WHEREAS, on June 30, 1999, the Parties amended the Agreement to, among other things, provide additional USAID grant funding of Twenty Four Million Seven Hundred Forty Nine Thousand Four Hundred Fifty U.S. Dollars (U.S.\$24,749,450) to finance foreign exchange and local currency costs of achieving the Strategic Objective; and

WHEREAS, on June 30, 1999, the Parties amended the Agreement to, among other things, provide additional USAID grant funding of Fifty Million U.S. Dollars (U.S.\$50,000,000) to finance foreign exchange and local currency costs of achieving the Strategic Objective; and

WHEREAS, on August 30, 1999, the Parties amended the Agreement to, among other things, provide additional USAID grant funding of Fifty Million U.S. Dollars (U.S.\$50,000,000) to finance foreign exchange and local currency costs of achieving the Strategic Objective; and

WHEREAS, on May 7, 2000, the Parties amended the Agreement to, among other things, provide additional USAID grant funding of Forty Six Million One Hundred Ninety Nine Thousand and Seven Hundred Seventy Four U.S. Dollars (U.S.\$46,199,774) to finance

foreign exchange and local currency costs of achieving the Strategic Objective and deobligate Forty Thousand (U.S.\$40,000) in FY 1997 funds; and

WHEREAS, on August 23, 2000, the Parties amended the Agreement to, among other things, provide additional USAID grant funding of Fifty Million U.S. Dollars (U.S.\$50,000,000) to finance foreign exchange and local currency costs of achieving the Strategic Objective; and

WHEREAS, on April 19, 2001, the Parties amended the Agreement to, among other things, provide additional USAID grant funding of Thirty Seven Million Six Hundred and Fifty Nine Thousand Nine Hundred and Forty Two U.S. Dollars (U.S.\$37,659,942) to finance foreign exchange and local currency costs of achieving the Strategic Objective; and

WHEREAS, on September 18, 2001, the Parties amended the Agreement to, among other things, provide additional USAID grant funding of Fifty Million U.S. Dollars (U.S.\$50,000,000) to finance foreign exchange and local currency costs of achieving the Strategic Objective; and

WHEREAS, on March 6, 2002, the Parties amended the Agreement to, among other things, provide additional USAID grant funding of Thirty Seven Million One Hundred Thirty Seven Thousand U.S. Dollars (\$37,137,000) to finance foreign exchange and local currency costs of achieving the Strategic Objective; and

WHEREAS, on June 9, 2002, the Parties amended the Agreement to, among other things, provide additional USAID grant funding of Fifty Million U.S. Dollars (U.S.\$50,000,000) to finance foreign exchange and local currency costs of achieving the Strategic Objective; and

WHEREAS, the Parties now wish to amend the Agreement to, among other things, provide additional USAID grant funding of Seventy Five Million U.S. Dollars (U.S.\$75,000,000) to finance foreign exchange and local currency costs of achieving the Strategic Objective;

NOW THEREFORE, the Parties hereby agree to further amend the Agreement as follows:

1. Article 3: Contributions of the Parties, Section 3.1. USAID Contribution, Subsection (a) The Grant, is amended by deleting the amount of "Five Hundred Twenty Million Five Hundred Eight Thousand Four Hundred and Ninety Three United States Dollars (U.S.\$520,508,493)" and replacing it with "Five Hundred Ninety Five Million Five Hundred Eight Thousand Four Hundred and Ninety Three United States Dollars (U.S.\$595,508,493)".

2. Article 3: Contributions of the Parties, Section 3.1. USAID Contribution, Subsection (b) Total Estimated USAID Contribution, is amended by deleting the amount of "Six Hundred Million U.S. Dollars (U.S.\$600,000,000)" and replacing it with "Seven Hundred Fifty Million (U.S.\$750,000,000)".

3. Article 5: Conditions Precedent to Disbursement is hereby deleted and replaced with a new Article 5 as follows:

"Article 5: Conditions Precedent to Disbursement

Section 5.1. FY 2002 Cash Transfer, General Conditions Precedent

Prior to disbursement of the cash transfer of Ninety Million United States Dollars envisaged under Amendment No. 15 of this Agreement (hereinafter referred to as "cash transfer"), or prior to the issuance by USAID of documentation pursuant to which such disbursement will be made, the Grantee will, except as the Parties may otherwise agree in writing, furnish to USAID, in form and substance satisfactory to USAID:

(a) Evidence that the Grantee has established the Separate Dollar Account described in Article 8 of this Agreement, together with the Grantee's certification that such bank account has been established and will be maintained as required by this Agreement and/or subsequent Implementation Letters ("ILs").

(b) Evidence that the Grantee has established the Local Currency Account described in Article 9 of this Agreement, together with the Grantee's certification that such account has been established and will be maintained as required by this Agreement and/or subsequent ILs.

Section 5.2. FY 2002 Cash Transfer, Policy Reform Conditions  
Precedent

Prior to the disbursement of the cash transfer, or prior to the issuance by USAID of documentation pursuant to which such disbursement will be made, the Grantee shall, except as the Parties may otherwise agree in writing, meet the following policy reform and related Conditions Precedent and furnish to USAID, in form and substance satisfactory to USAID, evidence of the following actions:

5.2.1. In preparation for the open market sale of additional holdings of Jordan Telecommunication Corporation (JTC) shares, the JTC Steering Committee has signed a contract with a financial advisor.

5.2.2. The Government of Jordan has issued an international RFP to outsource the management of the National Aid Fund to a private sector management firm.

5.2.3. The Government of Jordan has issued regulations consistent with WTO commitments in the following areas:

- (a) Integrated Circuits Regulation;
- (b) Patent Regulation;
- (c) Industrial Design Regulation;
- (d) New Plant Varieties Regulation;

5.2.4. The Cabinet has approved a new Securities Law with the objective of creating a regulatory environment that is consistent with "international best practices" and will be more attractive to investors. It will include at least the following provisions: (a) clear coverage of the role and powers of the JSC defining the functions of the JSC as the national securities regulator, including powers of investigation and enforcement; (b) clear presentation of the Roles and Powers of the Exchange and the Depository, including the legal form to the Exchange and the Depository; (c) a clear definition of a "security" and a Public Offering; (d) clear Disclosure Requirements; (e) a mechanism moving the Settlement Guarantee Fund from the Exchange to the Depository and (f) granting Authority of the Depository to Enforce Securities Contracts.

5.2.5. The Steering Committee for the privatization of Jordan Phosphate Mining Company has signed a contract with a financial advisor to prepare a restructuring and privatization strategy for the Jordan Phosphate Mining Company.

5.2.6. The Ministry of Culture has completed an assessment of the capacity of the National Library to effectively enforce IPR commitments as stipulated in the TRIPS agreement.

5.2.7. The Ministry of Planning has submitted to USAID written evidence that the Cabinet has appointed a Secretary General for the Higher Health Council.

5.2.8. The Ministry of Health has submitted to USAID written evidence that it has (a) initiated a situation analysis report on the Ministry's continuing education system, health workers and accreditation of health facilities that includes (b) recommended strategy options and timeline for a sustainable continuing education system including an outline of incentives linked to the system.

5.2.9. The Ministry of Health has submitted to USAID a preliminary report that outlines the structure and system of the Ministry's current compensation system and incentive scheme and a proposed plan to expand it to staff at the PHC level and link it to job performance indicators, hardships, special skills, or other criteria. The report shall describe the current conditions governing the incentive scheme, the beneficiaries of this scheme and the budgetary mechanisms of collection and distribution of funds used to run it. A proposed mechanism to expand the current system to other beneficiaries such as PHC center staff and link it to performance indicators shall be described.

5.2.10. The Ministry of Health has presented to USAID written evidence that at least 17 of the 34 MOH Focal Centers have in place at their centers all 5 elements of Quality Assurance (as defined by the PHCI project).

5.2.11. The Ministry of Health has:

- a) added a line item for Reproductive Health in the MOH budget, and
- b) approved a scope of work for technical assistance to develop a reasonable timeline for starting procurement of

contraceptives leading toward contraceptive independence from donor funding.

5.2.12. The Ministry of Water and Irrigation has submitted to the Jordan Institute for Standards and Metrology (JISM), and the JISM has approved, revised improved domestic wastewater effluent standards under discussion between the Wastewater Higher Technical Committee and the committee of the Jordan Institution for Standards and Metrology.

5.2.13. The Ministry of Water and Irrigation has submitted to the Cabinet, and the Cabinet has approved, a modification of the Water Authority of Jordan by-laws on groundwater well usage to reduce and control over-drafting and illegal wells, and provide substantive penalties for illegal use.

5.2.14. The Ministry of Water and Irrigation has submitted to the Cabinet for approval a reasonable and equitable increase in well-water tariffs for agriculture, domestic and industrial uses in accordance to with national priorities and the economic cost of water.

5.2.15. The Ministry of Water and Irrigation has adopted strengthened, more effective penalties for municipal theft and illegal use of water.

5.2.16. The Ministry of Water and Irrigation has developed and begun implementation of an annual monitoring and reporting system for wastewater treatment plant operations to assure proper operation and maintenance and that effluent standards are being met.

### Section 5.3. Notification

USAID will promptly notify the Grantee in writing when USAID has determined that a condition precedent has been met.

### Section 5.4. Terminal Date for Conditions Precedent

If all the conditions specified in Sections 5.1 and 5.2 of this Agreement have not been met within one hundred eighty (180) days from the date of the execution of Amendment No. 14 to this Agreement, or such later date as USAID may agree to in writing,



USAID, at its option, may terminate this Agreement by written notice to the Grantee."

3. Article 8: General Terms and Conditions Relating to Use of the Cash Transfer, Section 8.1, Use of the Cash Transfer, is hereby amended as follows:

The opening clause of paragraph (a) is hereby deleted and replaced in its entirety with the following: "The cash transfer provided under Amendment No. 15 to this Agreement shall be utilized by the Grantee to cover payments and/or reimbursements for payments made during the period from October 1, 2001 or after (as the cash transfer provided under Amendment No. 1 to this Agreement was utilized by the Grantee to cover payments and/or reimbursements for payments made during the period from January 1, 1997 or after, as the cash transfer provided under Amendment No. 5 to this Agreement was utilized by the Grantee to cover payments and/or reimbursements for payments made during the period from January 1, 1998 or after, as the cash transfers provided under Amendments Number 7 and 8 to this Agreement were utilized by the Grantee to cover payments and/or reimbursements for payments made during the period from October 1, 1998 or after, as the cash transfer provided under Amendment Number 10 was utilized by the Grantee to cover payments and/or reimbursements for payments made during the period from October 1, 1999 or after, and as the cash transfer provided under Amendment Number 12 was utilized by the Grantee to cover payments and/or reimbursements for payments made during the period from October 1, 2000 or after) in the following categories, in order of precedence:"

4. Article 9: General Terms and Conditions Relating to the Local Currency Account associated with the Cash Transfer.

Section 9.2, Deposit into the Local Currency Account, is hereby amended by adding the following sentence at the end of subsection 9.2(e):

"For the FY 2002 cash transfer, the Local Currency equivalent of the total value of the cash transfer will be deposited into the Local Currency Account in two installments as described below or as the Parties may otherwise agree in writing through an exchange of ILs. Two equal installments, each in the amount of

the Jordanian Dinar equivalent of U.S. dollars 37.5 million, will be made within 15 working days after the beginning of the months of November and December 2002, calculated at the highest legally obtainable rate of exchange as determined by the Central Bank of Jordan which, as of the date of deposit, is not unlawful in Jordan."

5. Attachment No. 1 to Annex 1 to the Agreement is deleted and hereby replaced in its entirety with the revised Attachment No. 1 to Annex 1 attached hereto.

6. Except as amended herein, the Agreement, as previously amended, remains in full force and effect.

IN WITNESS WHEREOF, the Parties, each acting through their duly authorized representative(s), have caused this Amendment to be signed in their names and delivered as of the day and year first above written.

THE HASHEMITE KINGDOM OF JORDAN

THE UNITED STATES OF AMERICA

BY: 

H.E. Dr. Hazim El-Naser  
Acting Minister of Planning

BY: 

Edward W. Gnehm  
U.S. Ambassador

BY: 

Toni Christiansen-Wagner  
USAID Mission Director

## ANNEX 1, ATTACHMENT 1

## ILLUSTRATIVE STRATEGIC OBJECTIVE BUDGET

SO: Increased Economic Opportunities for Jordanians

INTERMEDIATE RESULT	USAID FUNDING			LIFE OF SO
	PREVIOUS OBLIGATIONS	THIS AMENDMENT	TOTAL	
1. Increased Access to business services	100,718,770		100,718,770	180,000,000
2. More Effective Identification and Implementation of Policy Reforms	69,789,723		69,789,723	130,000,000
3. Improved Environment for Sustained Policy Reform	350,000,000	75,000,000	425,000,000	440,000,000
TOTAL	520,508,493	75,000,000	595,508,493	750,000,000